



# Student Financial Aid

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# invest in yourself



## Tune in to financial aid

**H**igher education is expensive, but it's also an investment in your future. Financial aid programs are available to help with college costs. Many awards are based on financial need as well as achievements in academics, athletics, music or other special talents.

**Tell your parents — the earlier you file the FAFSA, the more money may be available!**



Don't rule out a school because you think you can't afford it. Depending on financial aid packages offered to you, you may pay the same amount to attend a more expensive college as you'd pay for a less expensive school.

Your financial need is calculated based on information you and your parents report about your family's income and assets on the **Free Application for Federal Student Aid (FAFSA)**. All colleges require the FAFSA to determine your level of need and eligibility for several major state and federal aid programs.

The **best** source of information about student aid is the financial aid office at the school you plan to attend. Check with a financial aid officer to make sure you've completed all required applications.

Costs for most Kentucky colleges will be available in the 2005–2006 edition of *Getting In*, which you'll receive your senior year. For an out-of-state school, check the school's website, *The College Cost Book*, or *The College Handbook*, published by the College Board, in your school library or counselor's office.

Get up-to-date cost information directly from the school you plan to attend.

## How Financial Need is calculated

**Total annual cost:**

\$ \_\_\_\_\_

— Minus **E**xpected **F**amily **C**ontribution\*

= Your financial need

\*(**EFC**: what the federal government says your family should be able to pay. It's based on a formula set by Congress.)



## Financial Aid Primer

- **Grants:**  
Money that generally doesn't have to be repaid. (If you fail to enroll, withdraw or change enrollment status, you may have to return some or all of the grant.) Grants are usually based on financial need.
- **Scholarships:**  
Money that doesn't have to be repaid. Scholarships are usually based on skill, ability, talent or achievement.
- **Tuition Waivers:**  
A deal offered at some schools to reduce or waive some costs if you meet certain qualifications.
- **Conversion scholarships/loans:**  
Loans or scholarships requiring you to work for a certain amount of time after finishing a specified academic program or pay back the money **plus** interest.
- **Work-study:**  
You work part-time on or off campus to help pay the cost of your education.
- **Student Loans:**  
Borrowed money that must be repaid with interest.
- **Military benefits:**  
Financial assistance available to people (or to their children) who have performed military service or are preparing to enter the U.S. armed forces.
- **Prepaid Tuition:**  
A contract guaranteeing fully paid tuition for a fixed number of credit hours at a participating school. You have to pay a certain amount up front.

# Financial Aid

## Q&A

### ***What is need-based financial aid?***

Aid to help pay school costs when you can prove your financial need.

### ***Who gives financial aid?***

Schools, state and federal governments, businesses and private organizations provide financial aid. But you and your family must pay as much as you can toward your expenses.

### ***How is financial aid awarded?***

It's awarded based on financial need (need-based aid) or merit in academic achievement, athletics or other talents (merit-based aid). Most financial aid is need-based but is often awarded in combination with merit-based awards.

### ***Who develops the financial aid process?***

Generally, your school's financial aid office develops your financial aid package. A financial aid package is typically a combination of grants, scholarships, work-study and/or loans and depends on available funding.

### ***Where can I get financial aid information?***

**Free** financial aid information can come from your guidance counselor, the financial aid officer of the school(s) you're interested in attending and KHEAA's website [www.kheaa.com](http://www.kheaa.com).

### ***How do I apply?***

If you're going to a public or private college, university, technical college or trade school, you must file the FAFSA to be considered for an award from the following major state and federal student financial aid programs: Kentucky Tuition Grant Program, College Access Program, Federal Stafford Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study and Federal Perkins Loan.

Check with the school you plan to attend to find out if other application forms are required. **Read the instructions on all forms carefully and follow them to the letter.**



# Financial Aid

## Q&A

### ***How much can I get?***

Good question. Not an easy answer. It works like this: the school has a total cost of attendance (COA) based on tuition, books, room and board, supplies and personal costs. The information on the FAFSA is used to calculate your expected family contribution (EFC), which is how much the federal government says your family should be able to pay. (The federal government is involved because it provides billions of dollars in student aid every year.) The college then takes the EFC and subtracts it from the COA. This shows how much financial aid you need. The aid you get from need-based programs can't be more than what this formula says you need.

### ***Estimate your EFC Online***

You can use KHEAA's online interactive College Aid Calculator to get an estimate of how much financial aid you might receive and how much you and your parents might be expected to pay toward college costs. The calculator provides only an *estimated* EFC. The exact EFC for each student applies for federal and state financial



aid is derived by filling out the FAFSA. You should make the school's financial aid office aware of any special circumstances that may affect your need for assistance. The calculator, developed for KHEAA by Think Ahead, Inc., can be found at [www.kheaa.com/cac/cac72kheaaStart.html](http://www.kheaa.com/cac/cac72kheaaStart.html).



### **The FAFSA Lab:**

#### ■ **Apply Early**

Submit your FAFSA as soon as possible after January 1 your senior year. Students who file early have the **best** chance of getting financial aid. Your parents must have their tax return done to complete the FAFSA.

#### ■ **Expected Family Contribution**

Financial information from the FAFSA is used to determine what you and your family should reasonably be expected to contribute toward your yearly school costs. The formula, set by Congress, considers your family income, current assets and expenses.

#### ■ **Qualifications**

Reapply each year you attend college. Factors regulating financial aid change. Just because you're not eligible one year doesn't mean you won't be eligible the next.

#### ■ **Satisfactory Academic progress**

To continue receiving aid under some programs, you must make progress toward a degree or certificate according to your college's policy. Your school will consider your college grades and the number of credit hours attempted in figuring your progress. By the time you are a sophomore, you must have a "C" average or be on track to graduate, according to your school.



## Financial Aid Primer

### ■ Enrollment Contract:

Schools use this to explain what you can expect for your money. Read it carefully before you sign it. A representative may make promises that aren't on the contract, like help finding a job. If someone makes a promise to you, ask the representative to write it on the contract, sign and date it. A school can add a page to the contract and title it "Addendum to (name of contract)." A promise is usually not enforceable in court unless it's in writing.

### ■ Federal Family Education Loans/ Federal Direct Loans:

Federal Family Education Loans are student loans made by lenders such as The Student Loan People<sup>sm</sup> and generally insured by state or private, nonprofit entities such as KHEAA. Your loan application is certified and your loan is disbursed through your school. Federal Direct Loans are financed by the U.S. Department of Education using funds it borrows from the U.S. Treasury. The program is administered by your school. By law, interest rates, fees and other loan details are generally the same for both programs.



# Financial Aid Q&A



## ***When will I know my financial aid package?***

If you apply by April, you should be notified of your award(s) during the late spring or early summer.

## ***What loan should I get?***

The type of loans available to you depend on the school you attend. Each school participating in a student loan program has an agreement with the federal government to offer Federal Family Education Loans and/or Federal Direct Loans. Check with your school's financial aid office for more information or check the financial aid section for your top school choices in *Getting In*, a KHEAA publication you will receive as a senior.

## ***When do I pay for school?***

Most schools require you to pay tuition and fees no later than the first day or week of each term. Any financial aid package you receive will be applied to your tuition bill. Many schools have payment plans to allow you to pay installments on your tuition. Check with your top schools for extension and payment plan information.

## ***Can I get financial aid every year?***

Usually. You must reapply each year and meet the renewal requirements. Typical requirements are:

- Maintaining a minimum GPA.
- Advancing to the next grade level.
- Limiting the total number of years aid can be received.
- Requiring students to reapply each year to receive aid.
- Maintaining full-time or half-time status.

**TIP:** Before you transfer to another college, be sure to check your financial aid status!

# Financial Aid

## Q&A

### ***What's a lender?***

The lender is the institution that loans you money to attend school. It can be a bank, a nonprofit state corporation, a credit union or some other financial institution.

### ***What does principal mean?***

Principal is the actual amount you borrow before origination and insurance fees are deducted from the amount credited to your student aid account. The interest you are charged is based on the principal.

### ***How do I compare lenders?***

Check out KHEAA's website to see up-to-date comparisons of top Kentucky school loan lenders and the benefits they provide at [www.kheaa.com/borrbenefits.html](http://www.kheaa.com/borrbenefits.html). You can also visit individual lenders' websites.

### ***Can you give me examples of borrower benefits?***

Lenders may have different programs of borrower benefits that can save you money.

Choosing a lender can be one of the most important decisions you'll make when borrowing money to pay for school.

Many colleges provide a lender list for your consideration. However, as a borrower, **you** make the ultimate decision on which lender to use.

Be sure to compare different benefits to get the best, low-cost loan available to you.



## **Student Loan Primer**

### ■ **Borrower Benefits**

Price breaks on the cost of a student loan through reduced fees. Fees are deducted before your costs are paid so more money is available to pay for your education.

Some examples of fees are:

#### ○ **Insurance fees**

These fees — up to 1 percent of your loan — are charged to you as insurance by a guarantor to ensure you pay your loan. Guarantors promise lenders they will pay off loans in special circumstances.

#### ○ **Origination fees**

These fees — up to 3 percent — help cover the costs the lender pays for doing business with you.

After you graduate, lenders may offer interest rate breaks for automatic payment deductions, making a certain number of payments on time or entering a certain profession. Some times, lenders not only offer interest rate breaks, but also will give you credit on your student loan.

### ■ **Interest**

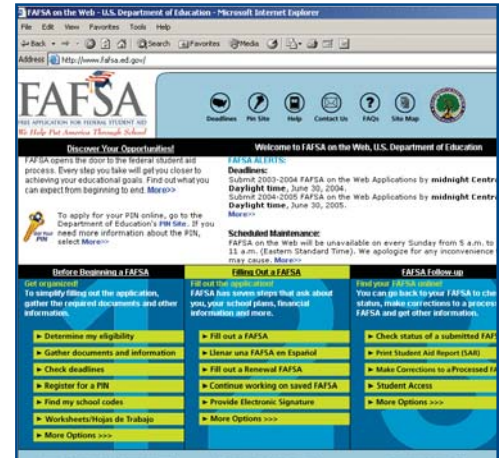
The money you pay the lender for borrowing money for school. It's just like interest charged for a car, credit card or house, only it's generally lower.

**You can compare lenders and their benefits at [www.kheaa.com/borrbenefits.html](http://www.kheaa.com/borrbenefits.html).**





# applying for aid



## Completing the FAFSA

If you need financial aid to help pay for school, the most important step is completing the FAFSA. It must be filed to apply for KHEAA grants and several other major state and federal aid programs. If the FAFSA is properly completed, the financial aid information you and your family provide will automatically be sent to KHEAA and the schools you list. Filling it out online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov) is fast, free and reduces errors. Plus, your parents can upload their financial information from their online tax return.

## How the FAFSA works for your financial aid:

College financial aid offices use information you submit on the FAFSA to determine if you're eligible for need-based financial aid. Schools will determine how much and for what type of aid you are eligible. The office will then develop a financial aid package for you, based on your eligibility and how much money is available. Each school you list on the FAFSA will notify you of its financial aid decision in late spring or early summer.

KHEAA uses information you submit on the FAFSA to determine grant awards. You will be sent grant notices from KHEAA to check [www.kheaa.com](http://www.kheaa.com) to learn about your grant eligibility for all schools you list on the FAFSA.

## Helpful hints

Read and follow the FAFSA instructions very carefully.

Submit the FAFSA as soon as possible after January 1 of your senior year (after your parents fill out their income taxes) to make sure you have the best chance of receiving all the aid you might qualify for.

Keep copies of your FAFSA.

If asked to make corrections or supply more information to the USDE or to schools, **do so as soon as possible.**

# applying for aid



## What you need

- Your and your parents' income tax returns for the year before you plan to go to college. For the 2006–2007 school year, you will need information from 2005.
- Your Social Security card and driver's license.
- Your and your parents' W-2 forms.
- Records of other untaxed income such as Social Security benefits, Temporary Assistance for Needy Families (TANF) or veteran's benefits.
- Current bank statements and records of stocks, bonds or other investments.
- Business or farm records, if applicable.
- Your alien registration card if you are not a U.S. citizen.
- A blank diskette if you are applying using *FAFSA on the Web*. You will need it to save your data.

## Where to find the FAFSA

**[www.fafsa.ed.gov](http://www.fafsa.ed.gov)**

### A paper FAFSA is available from:

High school counselors and college financial aid offices or by calling the USDE toll free (800) 433-3243. If you want to be notified when your paper application is received, fill out and put a stamp on the postcard provided in the FAFSA packet and return it with your application. When it is received, the FAFSA processor will stamp the card with the receipt date and location and mail it back to you.



## Reaching the Goal

College Goal Sunday is offered each February by members of the Kentucky Association of Financial Aid Administrators (KASFAA) to help students and parents complete the FAFSA. It is held at sites across Kentucky. Check the KASFAA website at [www.kasfaa.com](http://www.kasfaa.com) or watch your mailbox, local newspaper or guidance office bulletin board for more information.





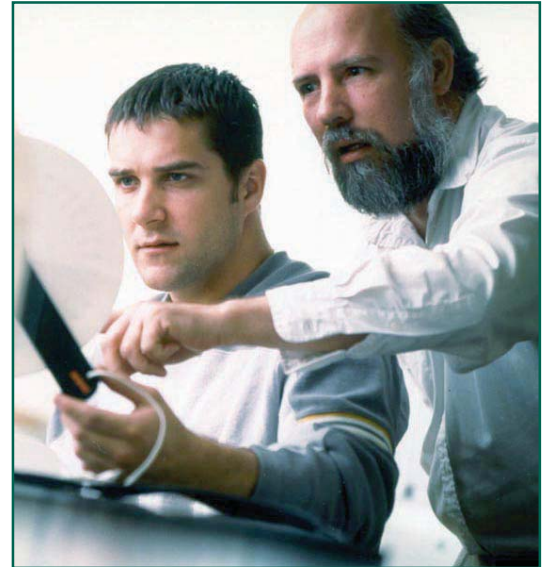


# major financial aid

## Programs:

### What they are and who qualifies

**T**he major student financial aid programs, divided into category types, are outlined on the following pages. The required application for many of these programs is the FAFSA. (See pages 30–31 for more information on the FAFSA). Due to the ever-changing climate of student financial aid, programs may be discontinued or their eligibility or awards changed. For the most up-to-date information, check with your high school counselor's office or your school's financial aid office. For more information about KHEAA's programs, call (800) 928-8926 or visit KHEAA's website [www.kheaa.com](http://www.kheaa.com). KHEAA awards millions of dollars each year to thousands of Kentucky students.



## GRANTS

### College Access Program (CAP)

CAP Grants are awarded to financially needy Kentucky undergraduates who attend public and private universities, proprietary schools and colleges. CAP Grants are also awarded to students enrolled in two-year academic programs. To be eligible, students must be enrolled six semester hours or half-time as determined by the school. CAP recipients must have an expected family contribution (EFC) of \$3,850 or less, based on information on the FAFSA. The maximum award amount for the 2004–2005 academic year is \$1,400 (\$700 each semester).



### Kentucky Tuition Grant (KTG)

KTG awards help financially needy Kentucky students attend the state's private colleges. You must be a full-time undergraduate enrolled in a qualifying associate or bachelor's degree program. The KTG award amount is based on total cost of education (tuition and fees plus low room rate and high board rate) minus the sum of the EFC, expected Pell Grant, and expected CAP Grant. For the 2004–2005 academic year, KTG awards range from \$200 to \$2,600.



### Federal Pell Grant

This grant helps undergraduate students and some graduate students pay for college. The U.S. Department of Education (ED) determines eligibility based on information you and your parents provide on the FAFSA and a formula set up by Congress. The maximum award for the 2004–2005 award year is \$4,050.

## SCHOLARSHIPS

### Kentucky Educational Excellence Scholarship (KEES)

Good grades and high ACT scores can earn you money for college with KEES. You can earn money each year of high school based on your GPA and a bonus award based on your highest ACT (or equivalent SAT) composite score.



# major financial aid



## CONVERSION SCHOLARSHIPS/LOANS

### Teacher Scholarship

If you want to teach in Kentucky, you may qualify for a Teacher Scholarship.



You must be a Kentucky resident enrolled or accepted for enrollment as a full-time student. If you don't complete your certification or required teaching service, you must repay the scholarship with interest.

### Osteopathic Medicine Scholarship

This scholarship helps students attend Pikeville College's School of Osteopathic Medicine. If you don't complete the program or don't practice in Kentucky, you must repay the scholarship with interest.



## WORK-STUDY

### KHEAA Work-Study Program (KWSP)

The Work-Study Program allows students to work to supplement their financial aid package while attending approved Kentucky schools. You will be paid at least minimum wage. You can earn only the amount determined by your financial need.



## FEDERAL FAMILY EDUCATION LOANS

### Federal Stafford Loan

College students can get subsidized and unsubsidized Stafford Loans to attend eligible colleges and schools at least half-time.

You must show financial need to qualify for the **subsidized loan**. The federal government pays the interest on subsidized loans while you are in school and for six months after you're no longer attending at least half-time. You don't have to show financial need for an **unsubsidized loan**. You must begin paying interest on the loan as soon as you receive the money.

### Federal PLUS Loan

Your parents or stepparents can borrow money to help pay your college expenses with a PLUS Loan. You must be enrolled at least half-time at an eligible school.

## SAVINGS AND PREPAID TUITION PROGRAMS

### Kentucky Education Savings Plan Trust (KESPT)

KESPT is a plan for adults to save for your higher education. Parents can deposit as little as \$25 (or \$15 through payroll deduction). For more information, call toll free (877) KY TRUST (598-7878) or visit [www.kysaves.com](http://www.kysaves.com).



### Kentucky's Affordable Prepaid Tuition (KAPT)

KAPT is a prepaid tuition account which guarantees investments will cover future tuition costs under the plan purchased. For more information, visit [www.getKAPT.com](http://www.getKAPT.com) or call toll free (888) 919-KAPT (5278).



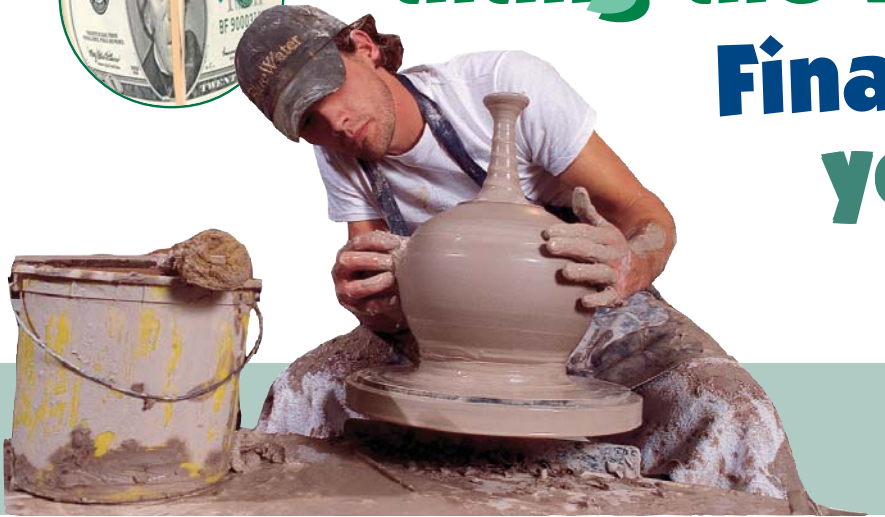
## Other Financial Aid Programs

Additional federal aid is available in the form of grants and other types of loans. Nearly all colleges also offer their own scholarships and grants, as do many local businesses and organizations. Also, check out **Getting In** and **Affording Higher Education**, two KHEAA publications listing other sources of financial aid. To find them, ask your counselor, find them online at [www.kheaa.com](http://www.kheaa.com) or hit the library.



# tilting the wheel

## Financial Aid in your favor



**T**here are many things you can do to increase your chances of getting all the financial aid you may qualify for to help pay for your higher education. The financial aid experts from KHEAA offer the following tips.

### Talk with your guidance counselor

Your guidance counselor should be your first resource in your college financial aid search. Ask about financial aid in general and where to look for help.

### Make the grades

Good grades can mean you earn money through the KEES program for classes after high school. The better grades you make, the more money you earn to help pay for college. Better grades will help you qualify for other scholarships and grants.

### Talk with a financial aid administrator

Contact the financial aid office of the schools you listed on your school evaluation chart on page 22. A financial aid official can tell you about aid programs available at that school, commonly known as institutional aid.

### Visit [www.kheaa.com](http://www.kheaa.com)

KHEAA's website features information about KHEAA financial aid programs and services including:

- ☐ Detailed information about the KEES program.
- ☐ Publications, including *Affording Higher Education*, which lists over 3,500 sources of college aid for Kentucky students administered by Kentucky schools, state and federal governments and Kentucky companies and organizations. It is also available at your counselor's office and public libraries.
- ☐ An interactive College Aid Calculator to estimate how much financial aid you might receive and how much your family might be expected to pay toward college costs.
- ☐ Links to other financial aid sites.
- ☐ E-mail links to KHEAA's financial aid programs.
- ☐ Information about your KHEAA grant, loan and KEES award.

### Read up on free aid

Read *Funding Your Education*, a U.S.

Department of Education handbook on financial aid. You can find a copy at the library, your counselor's office, and online at [www.ed.gov/prog\\_info/SFA/FYE](http://www.ed.gov/prog_info/SFA/FYE). You can also call the Federal Student Aid Information Center at (800) 4FED-AID 9433-3243) or visit [www.ed.gov](http://www.ed.gov).

### Make contacts

If you know you want to enter a particular profession, chances are there is a professional association (like the American Medical Association or the American Bar Association) that may have financial aid available. Use the Web or an association directory to get addresses to write for more information.



# tilting the wheel



## Be a news hound

Watch for news items in your local paper for scholarships offered by local community service organizations, businesses, clubs, unions, churches, fraternal groups, etc., and contact them for more information.

## Scout out your community

Check with community organizations and civic groups like the American Legion, YMCA, 4-H Club, Kiwanis, Jaycees, Chamber of Commerce, and Boy or Girl Scouts. Foundations, religious organizations, fraternities or sororities, and town or city clubs are some other possible sources of aid.

## Visit [www.nasfaa.org](http://www.nasfaa.org)

The website of the National Association of Student Financial Aid Administrators includes the full text of the publications *You Can do It!*, *You Can Afford It* and *Cash for College*. It also links to many related sites and can lead you to information about scholarships, scams, and personal finances.

## Learn about low-interest loans

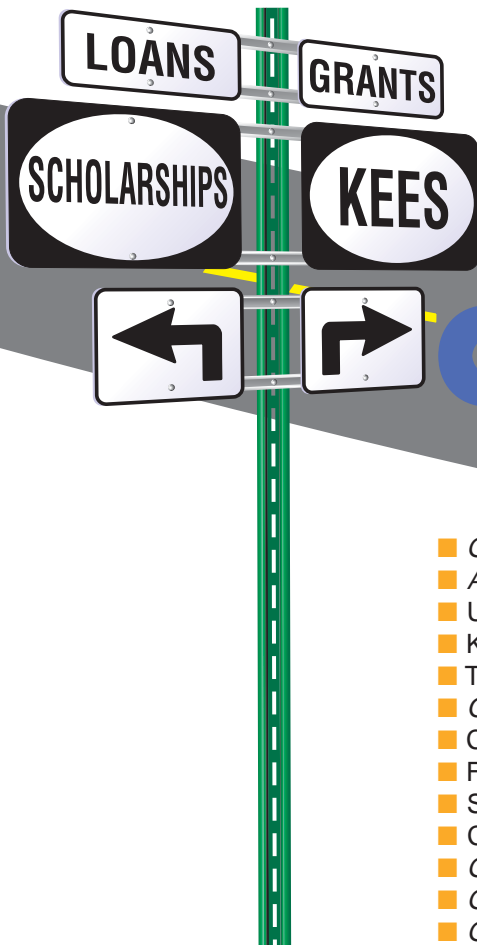
First, you should seek financial aid you don't have to repay. Most financial aid packages prepared by schools contain student loans. The largest student loan program in Kentucky is the Federal Family Education Loan Program (FFELP). KHEAA administers FFELP, which includes Federal Stafford Loans and Federal PLUS Loans. (See page 38 for more information on loans). These loans have low interest rates and long-term repayment options. Lenders may also offer discounted fees and interest rates. KHEAA has waived the 1 percent insurance fee since 1996 and regularly examines this issue to see if it can continue to waive the fee. KHEAA reserves the right to resume charging the fee at any time in the future.





# hitting the road

**K**HEAA's College Info Road Show goes all over the state to teach students about career, college and financial aid options. The College Info Road Show, an interactive mobile classroom, helps students jump start their future with high-speed Internet access, including the ability to view Kentucky's one-stop Web portal, GoHigherKY.org. Other materials, helpful college and career resources and financial aid applications are available onboard. Watch for the free College Info Road Show in your community!



## Onboard Resources

- *Getting In: Your Guide to Higher Education*
- *Affording Higher Education*
- U.S. Department of Education publications
- KHEAA-The Student Loan People's "Owner's Manual: How to Handle Your Future" booklet.
- The College Board Publications
- *Occupational Outlook Handbook*
- College prep videos
- Financial aid applications
- Scholarship searches
- Career assessments
- *Getting Started*
- *Getting Set*
- *Getting Ready*

# hitting the road



## The mobile college consultant

The College Info Road Show is on the road and online this year with high-speed satellite Internet access.

You can use the College Info Road Show to access information about careers that interest you. Not sure what you want to do in the future? Use the College Info Road Show's onboard career assessment to generate a personalized list of possible jobs tailor-made to your interests. You may be surprised to learn your ideal career is based on your lifelong interests.

You can also search for a school that will help you get the education you need to pursue your future. Financial aid resources, such as scholarships, grants and loans, can also be tapped for programs you may be eligible for. Discover information about grants and scholarships. Learn how to avoid common aid application mistakes. Visit with the counselor onboard to request a Personal Identification Number (PIN) from the United States Department of Education that will allow you to file the Free Application for Federal Student Aid (FAFSA) online. Filing the FAFSA online can reduce errors and speed up the application process.





# DEBT 101

## Be wise about borrowing

**S**tudent loans can be an excellent investment in yourself — and may be necessary to pay for your college education. A college education increases your earning potential and opens doors of opportunity that may not otherwise be available to you. However, you should keep in mind that you are borrowing against those future earnings. Borrowing responsibly can improve your quality of life in the years to come. **Be sure to check out financial aid you don't have to pay back before applying for a student loan.**

Student loan programs provide low interest loans to students and their parents for college. A loan is an enormous responsibility that should not be taken lightly. The money you borrow **must** be paid back to the lender over a period of time.

For many people, a student loan is a good introduction to the responsibilities of borrowing. Repaying your student loans on time helps you establish a good credit history. Knowing the facts and figures about your loans is very important. If you have to borrow, keep a financial aid file with all important documents, like your FAFSA applications, promissary notes, and other materials.

**Contact your school:** Ask the financial aid officer how much the total cost of attending school, including the estimated living expenses, is going to be. Know your school's refund policy, in case you change your mind about attending.

**Check out your chosen career's average salary:** Make sure the average income for someone in your chosen field will make enough to pay back any money you borrow. Defaulting on a loan isn't an option, even if you can't find a job or you don't make as much as you thought you would.

**Borrow only what you need:** You'll have to pay it back! Consider getting all of your loans through one lender to help simplify your repayment. You can only use student loans for educational purposes. To do otherwise is a crime, and you can be prosecuted for abuse or fraud. You generally have up to 10 years to repay a student loan, with a minimum monthly payment of \$50. The chart below shows the approximate monthly payment required on a Federal Stafford Loan depending on the interest rate.

Federal Stafford Loan Repayment			
Amount Borrowed	Estimated Monthly Payment		
	4%	4.5%	5%
\$ 5,000	\$ 51	\$ 52	\$ 53
\$10,000	\$101	\$104	\$106
\$15,000	\$152	\$155	\$159
\$20,000	\$202	\$207	\$212
\$25,000	\$253	\$259	\$265
\$30,000	\$304	\$311	\$318
\$35,000	\$354	\$363	\$371
\$40,000	\$405	\$415	\$424



# The Student Loan People<sup>SM</sup>

***The answer to all your student loan needs, whether you're a current student or a graduate wishing to consolidate your student loans.***



- 0% origination fee on Stafford loans
- 0% insurance fee through KHEAA
- 3.5% credit to the original loan principal after the first 30 consecutive, on-time payments
- 0.25% interest rate reduction for automatic payments



- Interest forgiveness for Kentucky teachers, counselors and librarians
- Up to 20% loan forgiveness for certified teachers of:
  - Math\*
  - Science\*
  - English as a second language\*
  - Special education\*

\* Benefits apply to any loan held with The Student Loan People, including consolidation and PLUS. This benefit is not available for spousal consolidation or borrowers who do not have existing loans consolidated.



- Interest forgiveness for Kentucky nurses (This benefit applies to consolidated and PLUS loans)
- Up to 20% loan forgiveness for Kentucky registered nurses\*\*, licensed practical nurses\*\*\* and licensed vocational nurses\*\*\*

\*\* This benefit applies to Stafford and PLUS loans made after July 1, 2003, for registered nurses and does not apply to consolidation loans.

\*\*\* This benefit applies to Stafford and PLUS loans made after July 1, 2004, for LPN's and LVN's and does not apply to consolidation loans.

Contact The Student Loan People each year you expect to receive benefits to verify eligibility for and availability of the loan benefits/programs. Contact a tax advisor about tax consequences of loan benefits.



## Lender Code 826688

**The Student Loan People**  
**P.O. Box 24266**  
**Louisville, KY 40224-0266**  
**888.678.4625**  
**studentloanpeople.com**

**LEAN ON US FROM CLASS TO CAREER**



*Kentucky's trusted source for grants, scholarships and loans.*

The Student Loan People make no representation about the future availability of these loan benefits/programs beyond the academic year in which this information is published. This material is provided for information purposes only and should not be construed as an offer or promise to be relied upon. The Student Loan People do not warrant or guarantee the accuracy or completeness of the information in this printed material or that the information is error-free. You are advised to contact the Student Loan People to verify eligibility for, the scope of, and continued availability of the loan benefits/programs identified in this material. The loan benefits/programs are subject to change by change in federal or state laws and the Student Loan People reserve the right to modify or terminate these loan benefits/programs at its discretion from time to time to reflect changes in services for any reason.

# glossary

## A

**ACT** – a test required or accepted at all public and many private universities in Kentucky. ACT Assessment scores are used in college admissions, awarding scholarships and class placement, including honors programs.

**Advanced Placement (AP) Program** – a program that lets high school students study college-level subjects and get advanced placement and/or credit upon entering college.

**alternative loan** – a private loan, like a Kentucky Advantage Loan from The Student Loan People, to help pay college costs not covered by financial aid.

**associate degree** – up to a 3-year program in applied science (AAS) or applied technology (AAT) in majors meant to lead directly to a job. Typically, courses do not transfer to a 4-year degree. Or, up to a 3-year program of associate of arts (AA) or science (AS) in programs that can transfer to 4-year colleges and lead to a bachelor's degree.

## B

**bachelor's degree** – a program lasting 4 to 5 years, including general education, a major and electives leading to degrees like a Bachelor of Arts (BA) or a Bachelor of Science (BS).

**borrower** – a person legally responsible for repaying a loan and who has signed a promissory note.

## C

**certificate** – a 6- to 15-month program typically in a vocational or technical area to prepare for a job in a specific career.

**CLEP** – the College-Level Examination Program offers tests for subjects often taken during the first 2 college years. Many colleges use CLEP scores to award college credit. Some industries, businesses, and other groups use CLEP scores for licensing, advancement and admissions to training programs.



**commuter students** – students who live off-campus instead of in a dormitory or other campus housing.

**consolidation** – the combination of several types of federal education loans into one new loan to simplify repayment.

**conversion scholarship/loan** – a scholarship or loan that requires the recipient to provide certain services for prescribed periods or pay back the funds received with interest.

**cost of attendance** – the total cost of going to college for a year. It is used in figuring financial need.

**credit-by-examination** – a process by which students can earn credit for college-level knowledge by passing a test. The College-Level Examination Program and the Advanced Placement Program allow students to earn college credit in this way.



**credit hour or clock hour** – a unit of measurement for a school’s educational program. A class meeting for an hour on 3 days a week typically counts for 3 credit hours. Most community colleges, 4-year colleges and universities use credit hours. Many private trade schools use clock hours.

## D

**diploma** – a program lasting up to 2 years in a vocational or technical area to prepare for a job in a specific career. This diploma is not the same as your high school graduation diploma.

**Direct Loans** – loans made by the U.S. Department of Education. Students and parents can receive Direct Loans only if the school participates in the Federal Direct Student Loan Program.

**Dual Credit Program** – courses that count for both high school and college credit. They can save time and money in pursuing a degree.

## E

**expected family contribution (EFC)** – what the federal government formula says your family should be able to pay toward yearly college costs. The EFC is based on information submitted on the Free Application for Federal Student Aid (FAFSA) about your family’s income and assets.

## F

**Federal Family Education Loan Program (FFELP)** – the term for the federal loan program of Federal Stafford Loans, Federal PLUS Loans and Federal Consolidation Loans.

**Free Application for Federal Student Aid (FAFSA)** – the need analysis form that must be completed by all students applying for federal and state student aid.

**financial aid** – money from state and federal governments, schools, private organizations, associations and companies to help pay the costs of a college education or technical training.

**financial aid package** – the total financial aid

award received by a student. It may include grants, scholarships, loans, work-study and other aid. The student’s financial need, availability of funds, school policies and the number of students who need aid all influence a student’s package.

**financial need** – the amount of college expenses that a student’s expected family contribution (EFC) falls short of paying. Financial need equals the cost of attendance minus the EFC.

## G

**graduate student** – a student who has earned a bachelor’s degree and is working toward a master’s, doctoral or professional degree.

**grant** – a financial aid award, generally based on financial need. A grant generally does not have to be repaid.

**guarantor** – a state or nonprofit private agency that administers the Federal Family Education Loan Program (FFELP) in each state. KHEAA is a guarantor.

## I

**institutional aid** – student financial aid administered by the school.

**interest** – a charge for a loan, usually a percentage of the amount borrowed.

## K

**Kentucky Higher Education Assistance Authority (KHEAA)** – the state agency that helps students access higher education by administering student financial aid programs, providing free higher education planning materials and financial aid information.

## L

**lender** – the organization (a school, bank, credit union, other institution, The Student Loan People<sup>sm</sup> or the U.S. Department of Education) that makes a loan.

**loan** – money borrowed to help pay for higher education costs. Loans must be repaid with interest.

# glossary

## M

**major** – the primary academic field of study chosen by a college student.

**minor** – the secondary area of academic specialization chosen by a college student.

## N

**need analysis** – a process used to determine how much students and their families can reasonably be expected to pay toward college. Need analysis formulas are updated each year to reflect changes in the economy.

## P

**Perkins Loans** – low-interest loans made under the Federal Perkins Loan Program to undergraduate and graduate students through your school. You repay the school or the agent the school hires to service the loan. Loans are made based on financial need.

**PLUS Loans** – loans made to your parents. Parents with good credit histories can borrow to help pay expenses of their dependent undergraduate child who is enrolled at least half-time at a participating school.



**postsecondary** – “after high school.” Postsecondary education can be received through study at a college, university, community college, technical college, trade school or other off-campus courses.

**principal** – the total amount borrowed, plus any interest that has been added to an unsubsidized loan.

**promissory note** – a binding legal contract between a loan holder and a borrower. The promissory note contains the loan terms and conditions, including how and when the loan must be repaid. By signing this note, the borrower agrees to repay the loan.

## R

**repayment schedule** – a statement the loan holder gives the borrower showing the amount borrowed, the monthly payment amount and the date payments are due.

## S

**SAT I: Reasoning Test** – a 3-hour test divided into math and verbal sections. It is scored up to 800 for each section. Scores are used for admissions purposes and in awarding scholarships.

**SAT II: Subject Tests** – hour-long tests given in specific subjects such as mathematics, science, English or foreign languages. More selective schools require 2 or 3 for freshman placement.

**scholarship** – a financial aid award to help pay for higher education. It does not have to be repaid and is generally based on skill, ability, talent, or achievement.

**Stafford Loans** – loans made to undergraduate and graduate students under the Federal Family Education Loan Program and Direct Loan programs.

**Student Aid Report (SAR)** – a document produced from information provided on the Free Application for Federal Student Aid (FAFSA) and sent to the student. The SAR reports the

student's eligibility for aid and expected family contribution (EFC).

**The Student Loan People** – Kentucky's only public, nonprofit student loan provider that contributes millions annually to student aid programs for Kentucky students.

**subsidized loan** – a federal student loan based on financial need and other eligibility requirements. The federal government pays the interest while borrowers are enrolled at least half-time.

## T

**trade school** – privately owned schools that provide a wide range of courses of study, such as cosmetology, business, and broadcasting. Programs range from 2 to 24 months and lead to certificates, diplomas or associate degrees.

**transcript** – an academic record that lists the courses taken, grades received and credits or credit hours received.

**tuition** – the amount schools charge for instruction and for the use of school facilities such as libraries.

## U

**undergraduate student** – a college student who has not yet earned a degree.

**unsubsidized loan** – a federal student loan made to a borrower meeting eligibility requirements but not based on financial need. The borrower is responsible for all interest during the life of an unsubsidized loan. You can choose to pay the interest during deferment periods or have it added to the principal.

## W

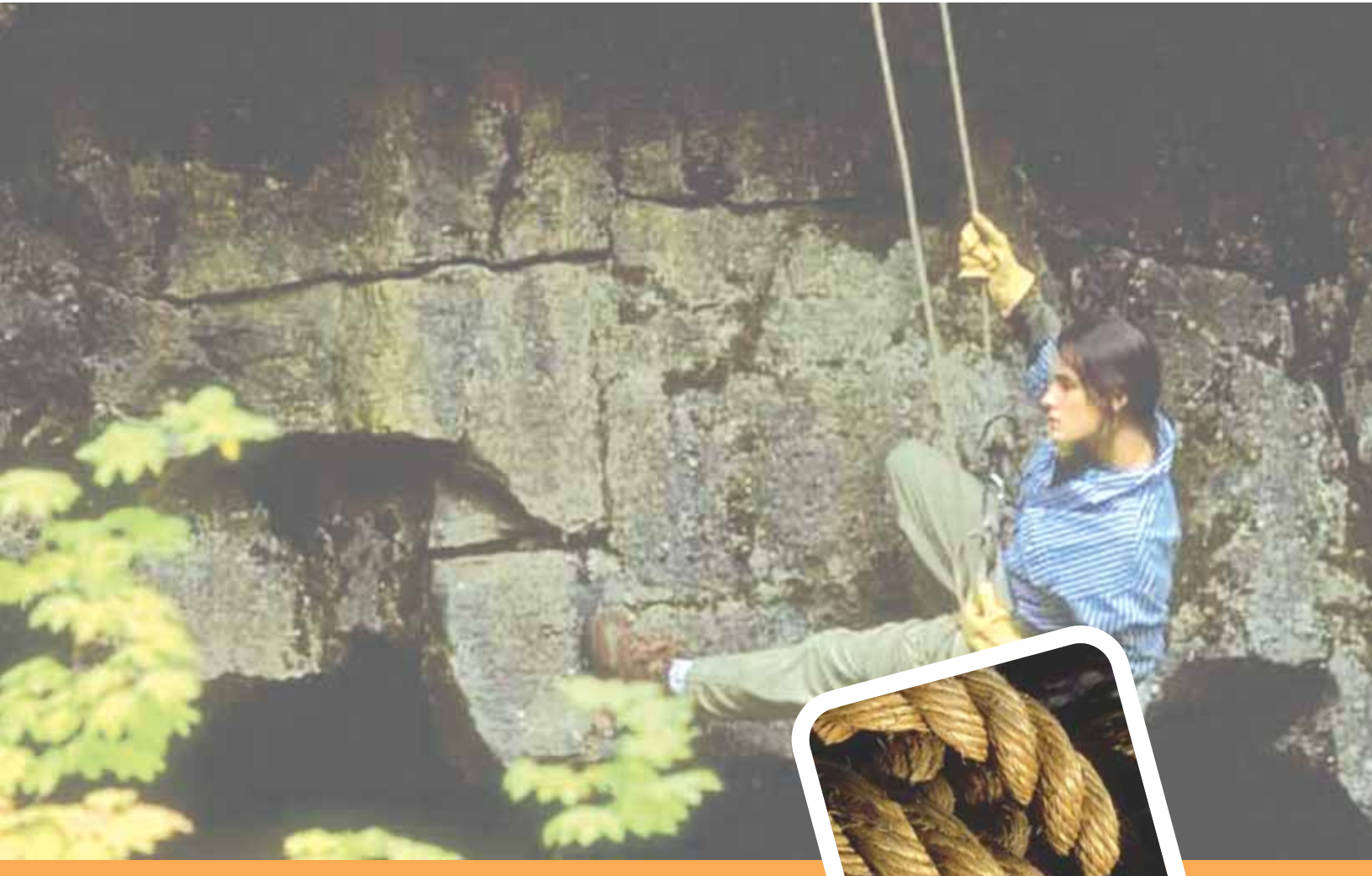
**waiver** – an arrangement under which a school does not charge specific costs if a student meets certain qualifications.

**work-study** – jobs that let students earn money to help pay the costs of higher education.





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